

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION

IN RE:

VPR OPERATING, LLC, *et al.*,

Debtors.

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Case No. 13-10599-tmd

Chapter 11 (jointly administered)

**LIMITED OBJECTION OF PAR FIVE ENERGY SERVICES LLC TO DEBTORS'**  
**EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS (A) AUTHORIZING**  
**THE DEBTORS TO USE CASH COLLATERAL;... (Docket #10)**

TO THE HONORABLE TONY M. DAVIS,  
UNITED STATES BANKRUPTCY JUDGE:

**Par Five Energy Services LLC** ("Par Five"), a secured creditor in these jointly administered cases, files this Limited Objection to the Debtors' Emergency Motion for Interim and Final Orders (A) Authorizing the Debtors' to Use Cash Collateral; (B) Requiring Return of Cash Collateral; Authorizing the Debtors to Incur Postpetition Secured, Superpriority Indebtedness; and (D) Scheduling a Final Hearing Thereon ("Emergency Motion") as follows:

1. VPR Operating, LLC, VPR (OK), LLC, VPR (NM), LLC, and VPR Corp., the Debtors and Debtors in Possession, filed the Emergency Motion on March 29, 2013 as one of several "first day" motions. In their Emergency Motion the Debtors seek relief generally as follows: a) an order requiring all non-debtor entities holding cash proceeds of hydrocarbon sales and other cash collateral to release such cash collateral, b) authorizing post-petition financing on a super-priority basis up to \$2,500,000, and c) authorizing use of cash collateral.

2. Par Five is a secured creditor in this case. VPR Operating, LLC and VPR (NM), LLC are indebted to Par Five in the amount of \$376,449.17 plus interest and attorneys fees. Par Five furnished materials and equipment and/or provided services relating to moving to and rigging a well at the following

property: Harrier 35 Federal Com #001H, Lea County, New Mexico and well thereon (the "Harrier 35 Well").

3. Par Five timely recorded a Claim of Lien against the Harrier 35 Well in the records of Lea County, New Mexico. Par Five's lien is upon:

"the whole of that land, oil and gas permit, leasehold, lease for oil and gas purposes, oil pipeline, gas pipeline, or gasoline pipeline, and right-of-way therefor, the buildings and equipment thereon, and the appurtenances thereto, the proceeds from the sale of oil and gas produced therefrom inuring to the working interest, and upon the materials, tools, machinery, equipment and supplies so furnished or hauled, and upon the oil and gas wells for which they were furnished or hauled..."

NMSA Section 70-4-1. Upon information and belief the lien of Par Five is equal in priority to certain timely filed mechanic's liens and senior to all other liens. A copy of the Claim of Lien is attached to this Limited Objection as Exhibit "A".

4. Upon information and belief certain purchasers of hydrocarbons from the Harrier 35 Well are holding certain proceeds of said well in suspense.

5. Par Five objects to the Emergency Motion to the extent the Debtors seek an order compelling turnover of, or allowing the Debtors to use, proceeds of the Harrier 35 Well. The Debtors in their Emergency Motion only propose to adequately protect the "Pre-Petition Debt Holders" (note obligors) described in the Emergency Motion. No adequate protection is proposed for Par Five. Par Five asserts an interest in all cash collateral generated from the Harrier 35 Well. Section 363(c)(2) of the Bankruptcy Code prohibits the use of cash collateral without the consent of the secured creditor or without authorization of the Court. Par Five has not consented to the use of its cash collateral and it will not be adequately protected if the Emergency Motion is granted.

6. Par Five also objects to the Emergency Motion to the extent it proposes to grant a senior or equal lien on the Harrier 35 Well as party of post-petition financing. Section 364(d) of the Bankruptcy Code provides the Court may authorize the obtaining of credit or the incurring of debt secured by a senior or equal

lien on property of the estate that is subject to a lien only if;

(A) the trustee is unable to obtain such credit otherwise; and


(B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.

In the case at hand, the Debtors have not made a sufficient showing that they are unable to obtain credit otherwise. Further, the Debtors do not propose to adequately protect the lien of Par Five on the Harrier 35 Well.

**WHEREFORE**, Par Five Energy Services LLC that the Emergency Motion be denied, or alternatively that the relief granted be limited such that Par Five's interest in the Harrier 35 Well and all proceeds therefrom is adequately protected, and for such other and further relief to which it is entitled.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Limited Objection was delivered by first class U.S. mail to the parties on the attached list this 15<sup>th</sup> day of April, 2013.

  
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